

FISCAL IMPACT STATEMENT ON BILL NO. **S618**

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TO:	The Honorable Hugh Leatherman, Chairman, Senate Finance Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Allan Kincaid		
DATE:	March 16, 2005	SBD:	2005328

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AUTHOR:	Senator Alexander	PRIMARY CODE CITE:	9-1-1790
SUBJECT:	State Retirement System Preservation and Investment Reform Act		

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ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:  
See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:  
See Below

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**BILL SUMMARY:**

Senate Bill 618 enacts the State Retirement System Preservation and Investment Reform Act. Among other things, the proposed Bill requires retirees who return to covered employment and TERI employees to pay the employee contribution for active members, postpones the annual leave lump sum payment for TERI employees, provides that a TERI participant who terminates employment cannot return to covered employment, establishes two classes of service for new SCRS enrollees after 2005, closes the twenty-eight years of creditable service retirement option for new enrollees after 2005, and defines SCRS 28 and SCRS 30 participants. The proposed Bill further revises the duties of the Retirement Systems Investment Panel, establishes the Retirement System Investment Commission and provides for an assumed investment return by the General Assembly on Retirement System assets of not less than eight percent a year.

**GENERAL FUND IMPACT**

Since the proposed Bill does not change the employer contribution rate nor increase the number of employer participants in the Retirement System, there should be no additional cost to the General Fund of the State. The Administrative Costs associated with the new Retirement Systems Investment Commission are directed to be paid from the earnings of the State Retirement System.

**STATE RETIREMENT SYSTEM IMPACT**

The Retirement System has been provided a copy of the proposed Bill and its consulting actuaries are in the process of performing the necessary analysis to determine the consolidated fiscal impact of the proposed changes to the funding and benefit structure of SCRS. Since the analysis is not complete the actual impact on the State Retirement System is not available at this time.

Approved by:



Don Addy  
Assistant Director, Office of State Budget